

AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 806**

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**Introduced by Assembly Member Dodd  
(Coauthor: Assembly Member Atkins)**

February 26, 2015

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An act to amend Sections 34171, 34179, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL’S DIGEST

AB 806, as amended, Dodd. Redevelopment: successor agencies to redevelopment agencies.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency. Existing law prohibits a successor agency from entering into contracts with, incurring obligations or making commitments to, any entity, as specified; or from amending or modifying existing agreements, obligations, or commitments with any entity, for any purpose. Existing law defines “enforceable obligation” for these purposes to generally exclude any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to ~~enter into, or~~ amend *or modify* existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified.

The bill would specifically include within the definition of “enforceable obligation” an agreement entered into by the redevelopment agency prior to June 30, 2011, if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to specified law.

(2) Existing law requires each successor agency to have an oversight board composed of 7 members and requires each member to be appointed by a specified authority.

This bill would allow each appointing authority to appoint ~~an alternate representative~~ *representatives* to serve on the oversight board as may be necessary. This bill would provide that ~~the~~ *an* alternative representative has the same participatory and voting rights as all other attending members of the oversight board, and would require the successor agency to promptly notify the Department of Finance regarding the appointment of any alternate ~~representative~~ *representatives*.

(3) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes all other provisions relating to the disposition and use of the real property assets of the former redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the department has not approved a long-range property management plan by January 1, 2016.

This bill would authorize the department to require a compensation agreement or agreements, but would ~~prohibit the department from requiring approval of~~ *specify that* the compensation agreement or agreements ~~as part of~~ *may be developed and executed subsequent to* the approval of a long-range property management plan. The bill would describe the criteria and standard to be applied by the department in

approving a long-range property management plan. The bill would require the department to approve long-range property management plans as expeditiously as possible. This bill would also provide that actions relating to the disposition of property after approval of a long-range property management plan do not require review by the department.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 34171 of the Health and Safety Code is  
2 amended to read:  
3 34171. The following terms shall have the following meanings:  
4 (a) “Administrative budget” means the budget for administrative  
5 costs of the successor agencies as provided in Section 34177.  
6 (b) “Administrative cost allowance” means an amount that,  
7 subject to the approval of the oversight board, is payable from  
8 property tax revenues of up to 5 percent of the property tax  
9 allocated to the successor agency on the Recognized Obligation  
10 Payment Schedule covering the period January 1, 2012, through  
11 June 30, 2012, and up to 3 percent of the property tax allocated to  
12 the Redevelopment Obligation Retirement Fund money that is  
13 allocated to the successor agency for each fiscal year thereafter;  
14 provided, however, that the amount shall not be less than two  
15 hundred fifty thousand dollars (\$250,000), unless the oversight  
16 board reduces this amount, for any fiscal year or such lesser amount  
17 as agreed to by the successor agency. However, the allowance  
18 amount shall exclude, and shall not apply to, any administrative  
19 costs that can be paid from bond proceeds or from sources other  
20 than property tax. Administrative cost allowances shall exclude  
21 any litigation expenses related to assets or obligations, settlements  
22 and judgments, and the costs of maintaining assets prior to  
23 disposition. Employee costs associated with work on specific  
24 project implementation activities, including, but not limited to,  
25 construction inspection, project management, or actual  
26 construction, shall be considered project-specific costs and shall  
27 not constitute administrative costs.  
28 (c) “Designated local authority” shall mean a public entity  
29 formed pursuant to subdivision (d) of Section 34173.

1 (d) (1) “Enforceable obligation” means any of the following:

2 (A) Bonds, as defined by Section 33602 and bonds issued  
3 pursuant to Chapter 10.5 (commencing with Section 5850) of  
4 Division 6 of Title 1 of the Government Code, including the  
5 required debt service, reserve set-asides, and any other payments  
6 required under the indenture or similar documents governing the  
7 issuance of the outstanding bonds of the former redevelopment  
8 agency. A reserve may be held when required by the bond  
9 indenture or when the next property tax allocation will be  
10 insufficient to pay all obligations due under the provisions of the  
11 bond for the next payment due in the following half of the calendar  
12 year.

13 (B) Loans of moneys borrowed by the redevelopment agency  
14 for a lawful purpose, to the extent they are legally required to be  
15 repaid pursuant to a required repayment schedule or other  
16 mandatory loan terms.

17 (C) Payments required by the federal government, preexisting  
18 obligations to the state or obligations imposed by state law, other  
19 than passthrough payments that are made by the county  
20 auditor-controller pursuant to Section 34183, or legally enforceable  
21 payments required in connection with the agencies’ employees,  
22 including, but not limited to, pension payments, pension obligation  
23 debt service, unemployment payments, or other obligations  
24 conferred through a collective bargaining agreement. Costs incurred  
25 to fulfill collective bargaining agreements for layoffs or  
26 terminations of city employees who performed work directly on  
27 behalf of the former redevelopment agency shall be considered  
28 enforceable obligations payable from property tax funds. The  
29 obligations to employees specified in this subparagraph shall  
30 remain enforceable obligations payable from property tax funds  
31 for any employee to whom those obligations apply if that employee  
32 is transferred to the entity assuming the housing functions of the  
33 former redevelopment agency pursuant to Section 34176. The  
34 successor agency or designated local authority shall enter into an  
35 agreement with the housing entity to reimburse it for any costs of  
36 the employee obligations.

37 (D) Judgments or settlements entered by a competent court of  
38 law or binding arbitration decisions against the former  
39 redevelopment agency, other than passthrough payments that are  
40 made by the county auditor-controller pursuant to Section 34183.

1 Along with the successor agency, the oversight board shall have  
2 the authority and standing to appeal any judgment or to set aside  
3 any settlement or arbitration decision.

4 (E) Any legally binding and enforceable agreement or contract  
5 that is not otherwise void as violating the debt limit or public  
6 policy. However, nothing in this act shall prohibit either the  
7 successor agency, with the approval or at the direction of the  
8 oversight board, or the oversight board itself from terminating any  
9 existing agreements or contracts and providing any necessary and  
10 required compensation or remediation for such termination. Titles  
11 of or headings used on or in a document shall not be relevant in  
12 determining the existence of an enforceable obligation.

13 (F) Contracts or agreements necessary for the administration or  
14 operation of the successor agency, in accordance with this part,  
15 including, but not limited to, agreements concerning litigation  
16 expenses related to assets or obligations, settlements and  
17 judgments, and the costs of maintaining assets prior to disposition,  
18 and agreements to purchase or rent office space, equipment and  
19 supplies, and pay-related expenses pursuant to Section 33127 and  
20 for carrying insurance pursuant to Section 33134.

21 (G) Amounts borrowed from, or payments owing to, the Low  
22 and Moderate Income Housing Fund of a redevelopment agency,  
23 which had been deferred as of the effective date of the act adding  
24 this part; provided, however, that the repayment schedule is  
25 approved by the oversight board. Repayments shall be transferred  
26 to the Low and Moderate Income Housing Asset Fund established  
27 pursuant to subdivision (d) of Section 34176 as a housing asset  
28 and shall be used in a manner consistent with the affordable  
29 housing requirements of the Community Redevelopment Law (Part  
30 1 (commencing with Section 33000)).

31 (2) For purposes of this part, “enforceable obligation” does not  
32 include any agreements, contracts, or arrangements between the  
33 city, county, or city and county that created the redevelopment  
34 agency and the former redevelopment agency. However, written  
35 agreements entered into (A) at the time of issuance, but in no event  
36 later than December 31, 2010, of indebtedness obligations, and  
37 (B) solely for the purpose of securing or repaying those  
38 indebtedness ~~obligations~~ obligations, may be deemed enforceable  
39 obligations for purposes of this part. Notwithstanding this  
40 paragraph, loan agreements entered into between the redevelopment

1 agency and the city, county, or city and county that created it,  
2 within two years of the date of creation of the redevelopment  
3 agency, may be deemed to be enforceable obligations.  
4 Notwithstanding this paragraph, an agreement entered into by the  
5 redevelopment agency prior to June 30, 2011, is an enforceable  
6 obligation if the agreement relates to state highway infrastructure  
7 improvements to which the redevelopment agency committed  
8 funds pursuant to Section 33445.

9 (3) Contracts or agreements between the former redevelopment  
10 agency and other public agencies, to perform services or provide  
11 funding for governmental or private services or capital projects  
12 outside of redevelopment project areas that do not provide benefit  
13 to the redevelopment project and thus were not properly authorized  
14 under Part 1 (commencing with Section 33000) shall be deemed  
15 void on the effective date of this part; provided, however, that such  
16 contracts or agreements for the provision of housing properly  
17 authorized under Part 1 (commencing with Section 33000) shall  
18 not be deemed void.

19 (e) "Indebtedness obligations" means bonds, notes, certificates  
20 of participation, or other evidence of indebtedness, issued or  
21 delivered by the redevelopment agency, or by a joint exercise of  
22 powers authority created by the redevelopment agency, to  
23 third-party investors or bondholders to finance or refinance  
24 redevelopment projects undertaken by the redevelopment agency  
25 in compliance with the Community Redevelopment Law (Part 1  
26 (commencing with Section 33000)).

27 (f) "Oversight board" shall mean each entity established pursuant  
28 to Section 34179.

29 (g) "Recognized obligation" means an obligation listed in the  
30 Recognized Obligation Payment Schedule.

31 (h) "Recognized Obligation Payment Schedule" means the  
32 document setting forth the minimum payment amounts and due  
33 dates of payments required by enforceable obligations for each  
34 six-month fiscal period as provided in subdivision (m) of Section  
35 34177.

36 (i) "School entity" means any entity defined as such in  
37 subdivision (f) of Section 95 of the Revenue and Taxation Code.

38 (j) "Successor agency" means the successor entity to the former  
39 redevelopment agency as described in Section 34173.

1 (k) “Taxing entities” means cities, counties, a city and county,  
2 special districts, and school entities, as defined in subdivision (f)  
3 of Section 95 of the Revenue and Taxation Code, that receive  
4 passthrough payments and distributions of property taxes pursuant  
5 to the provisions of this part.

6 (l) “Property taxes” include all property tax revenues, including  
7 those from unitary and supplemental and roll corrections applicable  
8 to tax increment.

9 (m) “Department” means the Department of Finance unless the  
10 context clearly refers to another state agency.

11 (n) “Sponsoring entity” means the city, county, or city and  
12 county, or other entity that authorized the creation of each  
13 redevelopment agency.

14 (o) “Final judicial determination” means a final judicial  
15 determination made by any state court that is not appealed, or by  
16 a court of appellate jurisdiction that is not further appealed, in an  
17 action by any party.

18 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity  
19 administrative cost allowance” means an amount of up to 1 percent  
20 of the property tax allocated to the Redevelopment Obligation  
21 Retirement Fund on behalf of the successor agency for each  
22 applicable fiscal year, but not less than one hundred fifty thousand  
23 dollars (\$150,000) per fiscal year.

24 (1) If a local housing authority assumed the housing functions  
25 of the former redevelopment agency pursuant to paragraph (2) or  
26 (3) of subdivision (b) of Section 34176, then the housing entity  
27 administrative cost allowance shall be listed by the successor  
28 agency on the Recognized Obligation Payment Schedule. Upon  
29 approval of the Recognized Obligation Payment Schedule by the  
30 oversight board and the department, the housing entity  
31 administrative cost allowance shall be remitted by the successor  
32 agency on each January 2 and July 1 to the local housing authority  
33 that assumed the housing functions of the former redevelopment  
34 agency pursuant to paragraph (2) or (3) of subdivision (b) of  
35 Section 34176.

36 (2) If there are insufficient moneys in the Redevelopment  
37 Obligations Retirement Fund in a given fiscal year to make the  
38 payment authorized by this subdivision, the unfunded amount may  
39 be listed on each subsequent Recognized Obligation Payment

1 Schedule until it has been paid in full. In these cases the five-year  
2 time limit on the payments shall not apply.

3 SEC. 2. Section 34179 of the Health and Safety Code is  
4 amended to read:

5 34179. (a) Each successor agency shall have an oversight  
6 board composed of seven members. The members shall elect one  
7 of their members as the chairperson and shall report the name of  
8 the chairperson and other members to the Department of Finance  
9 on or before May 1, 2012. Members shall be selected as follows:

10 (1) One member appointed by the county board of supervisors.

11 (2) One member appointed by the mayor for the city that formed  
12 the redevelopment agency.

13 (3) (A) One member appointed by the largest special district,  
14 by property tax share, with territory in the territorial jurisdiction  
15 of the former redevelopment agency, which is of the type of special  
16 district that is eligible to receive property tax revenues pursuant  
17 to Section 34188.

18 (B) On or after the effective date of this subparagraph, the  
19 county auditor-controller may determine which is the largest special  
20 district for purposes of this section.

21 (4) One member appointed by the county superintendent of  
22 education to represent schools if the superintendent is elected. If  
23 the county superintendent of education is appointed, then the  
24 appointment made pursuant to this paragraph shall be made by the  
25 county board of education.

26 (5) One member appointed by the Chancellor of the California  
27 Community Colleges to represent community college districts in  
28 the county.

29 (6) One member of the public appointed by the county board  
30 of supervisors.

31 (7) One member representing the employees of the former  
32 redevelopment agency appointed by the mayor or chair of the  
33 board of supervisors, as the case may be, from the recognized  
34 employee organization representing the largest number of former  
35 redevelopment agency employees employed by the successor  
36 agency at that time. In the case where city or county employees  
37 performed administrative duties of the former redevelopment  
38 agency, the appointment shall be made from the recognized  
39 employee organization representing those employees. If a  
40 recognized employee organization does not exist for either the



1 employees of the former redevelopment agency or the city or  
2 county employees performing administrative duties of the former  
3 redevelopment agency, the appointment shall be made from among  
4 the employees of the successor agency. In voting to approve a  
5 contract as an enforceable obligation, a member appointed pursuant  
6 to this paragraph shall not be deemed to be interested in the contract  
7 by virtue of being an employee of the successor agency or  
8 community for purposes of Section 1090 of the Government Code.

9 (8) If the county or a joint powers agency formed the  
10 redevelopment agency, then the largest city by acreage in the  
11 territorial jurisdiction of the former redevelopment agency may  
12 select one member. If there are no cities with territory in a project  
13 area of the redevelopment agency, the county superintendent of  
14 education may appoint an additional member to represent the  
15 public.

16 (9) If there are no special districts of the type that are eligible  
17 to receive property tax pursuant to Section 34188, within the  
18 territorial jurisdiction of the former redevelopment agency, then  
19 the county may appoint one member to represent the public.

20 (10) If a redevelopment agency was formed by an entity that is  
21 both a charter city and a county, the oversight board shall be  
22 composed of seven members selected as follows: three members  
23 appointed by the mayor of the city, if that appointment is subject  
24 to confirmation by the county board of supervisors, one member  
25 appointed by the largest special district, by property tax share, with  
26 territory in the territorial jurisdiction of the former redevelopment  
27 agency, which is the type of special district that is eligible to  
28 receive property tax revenues pursuant to Section 34188, one  
29 member appointed by the county superintendent of education to  
30 represent schools, one member appointed by the Chancellor of the  
31 California Community Colleges to represent community college  
32 districts, and one member representing employees of the former  
33 redevelopment agency appointed by the mayor of the city if that  
34 appointment is subject to confirmation by the county board of  
35 supervisors, to represent the largest number of former  
36 redevelopment agency employees employed by the successor  
37 agency at that time.

38 (11) Each appointing authority identified in this subdivision  
39 may, but is not required to, appoint ~~an alternate representative~~  
40 *representatives* to serve on the oversight board as may be necessary

1 to attend any meeting of the oversight board in the event that the  
2 appointing authority's primary representative is unable to attend  
3 any meeting for any reason. If ~~the~~ *an* alternate representative  
4 attends any meeting in place of the primary representative, the  
5 alternative representative shall have the same participatory and  
6 voting rights as all other attending members of the oversight board.  
7 The successor agency shall promptly notify the department  
8 regarding the appointment of ~~any~~ alternate ~~representative~~  
9 *representatives* to the oversight board.

10 (b) The Governor may appoint individuals to fill any oversight  
11 board member position described in subdivision (a) that has not  
12 been filled by May 15, 2012, or any member position that remains  
13 vacant for more than 60 days.

14 (c) The oversight board may direct the staff of the successor  
15 agency to perform work in furtherance of the oversight board's  
16 duties and responsibilities under this part. The successor agency  
17 shall pay for all of the costs of meetings of the oversight board  
18 and may include such costs in its administrative budget. Oversight  
19 board members shall serve without compensation or reimbursement  
20 for expenses.

21 (d) Oversight board members are protected by the immunities  
22 applicable to public entities and public employees governed by  
23 Part 1 (commencing with Section 810) and Part 2 (commencing  
24 with Section 814) of Division 3.6 of Title 1 of the Government  
25 Code.

26 (e) A majority of the total membership of the oversight board  
27 shall constitute a quorum for the transaction of business. A majority  
28 vote of the total membership of the oversight board is required for  
29 the oversight board to take action. The oversight board shall be  
30 deemed to be a local entity for purposes of the Ralph M. Brown  
31 Act, the California Public Records Act, and the Political Reform  
32 Act of 1974. All actions taken by the oversight board shall be  
33 adopted by resolution.

34 (f) All notices required by law for proposed oversight board  
35 actions shall also be posted on the successor agency's Internet  
36 Web site or the oversight board's Internet Web site.

37 (g) Each member of an oversight board shall serve at the  
38 pleasure of the entity that appointed such member.

39 (h) The Department of Finance may review an oversight board  
40 action taken pursuant to this part. Written notice and information

1 about all actions taken by an oversight board shall be provided to  
2 the department by electronic means and in a manner of the  
3 department's choosing. An action shall become effective five  
4 business days after notice in the manner specified by the  
5 department is provided unless the department requests a review.  
6 Each oversight board shall designate an official to whom the  
7 department may make those requests and who shall provide the  
8 department with the telephone number and email contact  
9 information for the purpose of communicating with the department  
10 pursuant to this subdivision. Except as otherwise provided in this  
11 part, in the event that the department requests a review of a given  
12 oversight board action, it shall have 40 days from the date of its  
13 request to approve the oversight board action or return it to the  
14 oversight board for reconsideration and the oversight board action  
15 shall not be effective until approved by the department. In the  
16 event that the department returns the oversight board action to the  
17 oversight board for reconsideration, the oversight board shall  
18 resubmit the modified action for department approval and the  
19 modified oversight board action shall not become effective until  
20 approved by the department. If the department reviews a  
21 Recognized Obligation Payment Schedule, the department may  
22 eliminate or modify any item on that schedule prior to its approval.  
23 The county auditor-controller shall reflect the actions of the  
24 department in determining the amount of property tax revenues to  
25 allocate to the successor agency. The department shall provide  
26 notice to the successor agency and the county auditor-controller  
27 as to the reasons for its actions. To the extent that an oversight  
28 board continues to dispute a determination with the department,  
29 one or more future recognized obligation schedules may reflect  
30 any resolution of that dispute. The department may also agree to  
31 an amendment to a Recognized Obligation Payment Schedule to  
32 reflect a resolution of a disputed item; however, this shall not affect  
33 a past allocation of property tax or create a liability for any affected  
34 taxing entity.

35 (i) Oversight boards shall have fiduciary responsibilities to  
36 holders of enforceable obligations and the taxing entities that  
37 benefit from distributions of property tax and other revenues  
38 pursuant to Section 34188. Further, the provisions of Division 4  
39 (commencing with Section 1000) of the Government Code shall  
40 apply to oversight boards. Notwithstanding Section 1099 of the

1 Government Code, or any other law, any individual may  
2 simultaneously be appointed to up to five oversight boards and  
3 may hold an office in a city, county, city and county, special  
4 district, school district, or community college district.

5 (j) Commencing on and after July 1, 2016, in each county where  
6 more than one oversight board was created by operation of the act  
7 adding this part, there shall be only one oversight board appointed  
8 as follows:

9 (1) One member may be appointed by the county board of  
10 supervisors.

11 (2) One member may be appointed by the city selection  
12 committee established pursuant to Section 50270 of the  
13 Government Code. In a city and county, the mayor may appoint  
14 one member.

15 (3) One member may be appointed by the independent special  
16 district selection committee established pursuant to Section 56332  
17 of the Government Code, for the types of special districts that are  
18 eligible to receive property tax revenues pursuant to Section 34188.

19 (4) One member may be appointed by the county superintendent  
20 of education to represent schools if the superintendent is elected.  
21 If the county superintendent of education is appointed, then the  
22 appointment made pursuant to this paragraph shall be made by the  
23 county board of education.

24 (5) One member may be appointed by the Chancellor of the  
25 California Community Colleges to represent community college  
26 districts in the county.

27 (6) One member of the public may be appointed by the county  
28 board of supervisors.

29 (7) One member may be appointed by the recognized employee  
30 organization representing the largest number of successor agency  
31 employees in the county.

32 (k) The Governor may appoint individuals to fill any oversight  
33 board member position described in subdivision (j) that has not  
34 been filled by July 15, 2016, or any member position that remains  
35 vacant for more than 60 days.

36 (l) Commencing on and after July 1, 2016, in each county where  
37 only one oversight board was created by operation of the act adding  
38 this part, then there will be no change to the composition of that  
39 oversight board as a result of the operation of subdivision (b).

1 (m) Any oversight board for a given successor agency shall  
2 cease to exist when all of the indebtedness of the dissolved  
3 redevelopment agency has been repaid.

4 (n) An oversight board may direct a successor agency to provide  
5 additional legal or financial advice than what was given by agency  
6 staff.

7 (o) An oversight board is authorized to contract with the county  
8 or other public or private agencies for administrative support.

9 (p) On matters within the purview of the oversight board,  
10 decisions made by the oversight board supersede those made by  
11 the successor agency or the staff of the successor agency.

12 SEC. 3. Section 34191.4 of the Health and Safety Code is  
13 amended to read:

14 34191.4. The following provisions shall apply to any successor  
15 agency that has been issued a finding of completion by the  
16 Department of Finance:

17 (a) All real property and interests in real property identified in  
18 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
19 34179.5 shall be transferred to the Community Redevelopment  
20 Property Trust Fund of the successor agency upon approval by the  
21 Department of Finance of the long-range property management  
22 plan submitted by the successor agency pursuant to subdivision  
23 (b) of Section 34191.5 unless that property is subject to the  
24 requirements of any existing enforceable obligation.

25 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
26 application by the successor agency and approval by the oversight  
27 board, loan agreements entered into between the redevelopment  
28 agency and the city, county, or city and county that created the  
29 redevelopment agency shall be deemed to be enforceable  
30 obligations provided that the oversight board makes a finding that  
31 the loan was for legitimate redevelopment purposes.

32 (2) If the oversight board finds that the loan is an enforceable  
33 obligation, the accumulated interest on the remaining principal  
34 amount of the loan shall be recalculated from origination at the  
35 interest rate earned by funds deposited into the Local Agency  
36 Investment Fund. The loan shall be repaid to the city, county, or  
37 city and county in accordance with a defined schedule over a  
38 reasonable term of years at an interest rate not to exceed the interest  
39 rate earned by funds deposited into the Local Agency Investment  
40 Fund. The annual loan repayments provided for in the recognized

1 obligation payment schedules shall be subject to all of the following  
2 limitations:

3 (A) Loan repayments shall not be made prior to the 2013–14  
4 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
5 repayment amount authorized each fiscal year for repayments  
6 made pursuant to this subdivision and paragraph (7) of subdivision  
7 (e) of Section 34176 combined shall be equal to one-half of the  
8 increase between the amount distributed to the taxing entities  
9 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
10 that fiscal year and the amount distributed to taxing entities  
11 pursuant to that paragraph in the 2012–13 base year, provided,  
12 however, that calculation of the amount distributed to taxing  
13 entities during the 2012–13 base year shall not include any amounts  
14 distributed to taxing entities pursuant to the due diligence review  
15 process established in Sections 34179.5 to 34179.8, inclusive.  
16 Loan or deferral repayments made pursuant to this subdivision  
17 shall be second in priority to amounts to be repaid pursuant to  
18 paragraph (7) of subdivision (e) of Section 34176.

19 (B) Repayments received by the city, county, or city and county  
20 that formed the redevelopment agency shall first be used to retire  
21 any outstanding amounts borrowed and owed to the Low and  
22 Moderate Income Housing Fund of the former redevelopment  
23 agency for purposes of the Supplemental Educational Revenue  
24 Augmentation Fund and shall be distributed to the Low and  
25 Moderate Income Housing Asset Fund established by subdivision  
26 (d) of Section 34176.

27 (C) Twenty percent of any loan repayment shall be deducted  
28 from the loan repayment amount and shall be transferred to the  
29 Low and Moderate Income Housing Asset Fund, after all  
30 outstanding loans from the Low and Moderate Income Housing  
31 Fund for purposes of the Supplemental Educational Revenue  
32 Augmentation Fund have been paid.

33 (c) (1) Bond proceeds derived from bonds issued on or before  
34 December 31, 2010, shall be used for the purposes for which the  
35 bonds were sold.

36 (2) (A) Notwithstanding Section 34177.3 or any other  
37 conflicting provision of law, bond proceeds in excess of the  
38 amounts needed to satisfy approved enforceable obligations shall  
39 thereafter be expended in a manner consistent with the original  
40 bond covenants. Enforceable obligations may be satisfied by the

1 creation of reserves for projects that are the subject of the  
2 enforceable obligation and that are consistent with the contractual  
3 obligations for those projects, or by expending funds to complete  
4 the projects. An expenditure made pursuant to this paragraph shall  
5 constitute the creation of excess bond proceeds obligations to be  
6 paid from the excess proceeds. Excess bond proceeds obligations  
7 shall be listed separately on the Recognized Obligation Payment  
8 Schedule submitted by the successor agency.

9 (B) If remaining bond proceeds cannot be spent in a manner  
10 consistent with the bond covenants pursuant to subparagraph (A),  
11 the proceeds shall be used to defease the bonds or to purchase  
12 those same outstanding bonds on the open market for cancellation.

13 (d) Notwithstanding subdivision (b) of Section 34163, if a  
14 successor agency has received a finding of completion, *with the*  
15 *approval of the successor agency's oversight board*, the successor  
16 agency may ~~enter into, or amend or modify~~ existing, contracts and  
17 agreements, or otherwise administer projects in connection with  
18 enforceable obligations approved pursuant to subdivision (m) of  
19 Section 34177, including the substitution of private developer  
20 capital in a disposition and development agreement that has been  
21 deemed an enforceable obligation, if the contract, agreement, or  
22 project will not commit new property tax funds, and will not  
23 otherwise *directly or indirectly* reduce property tax revenues or  
24 payments made pursuant to paragraph (4) of subdivision (a) of  
25 Section 34183 to the taxing agencies.

26 SEC. 4. Section 34191.5 of the Health and Safety Code is  
27 amended to read:

28 34191.5. (a) There is hereby established a Community  
29 Redevelopment Property Trust Fund, administered by the successor  
30 agency, to serve as the repository of the former redevelopment  
31 agency's real properties identified in subparagraph (C) of paragraph  
32 (5) of subdivision (c) of Section 34179.5.

33 (b) The successor agency shall prepare a long-range property  
34 management plan that addresses the disposition and use of the real  
35 properties of the former redevelopment agency. The report shall  
36 be submitted to the oversight board and the Department of Finance  
37 for approval no later than six months following the issuance to the  
38 successor agency of the finding of completion.

39 (c) The long-range property management plan shall do all of  
40 the following:

1 (1) Include an inventory of all properties in the trust. The  
2 inventory shall consist of all of the following information:

3 (A) The date of the acquisition of the property and the value of  
4 the property at that time, and an estimate of the current value of  
5 the property.

6 (B) The purpose for which the property was acquired.

7 (C) Parcel data, including address, lot size, and current zoning  
8 in the former agency redevelopment plan or specific, community,  
9 or general plan.

10 (D) An estimate of the current value of the parcel including, if  
11 available, any appraisal information.

12 (E) An estimate of any lease, rental, or any other revenues  
13 generated by the property, and a description of the contractual  
14 requirements for the disposition of those funds.

15 (F) The history of environmental contamination, including  
16 designation as a brownfield site, any related environmental studies,  
17 and history of any remediation efforts.

18 (G) A description of the property's potential for transit-oriented  
19 development and the advancement of the planning objectives of  
20 the successor agency.

21 (H) A brief history of previous development proposals and  
22 activity, including the rental or lease of property.

23 (2) Address the use or disposition of all of the properties in the  
24 trust. Permissible uses include the retention of the property for  
25 governmental use pursuant to subdivision (a) of Section 34181,  
26 the retention of the property for future development, the sale of  
27 the property, or the use of the property to fulfill an enforceable  
28 obligation. The plan shall separately identify and list properties in  
29 the trust dedicated to governmental use purposes and properties  
30 retained for purposes of fulfilling an enforceable obligation. With  
31 respect to the use or disposition of all other properties, all of the  
32 following shall apply:

33 (A) (i) If the plan directs the use or liquidation of the property  
34 for a project identified in an approved redevelopment plan, the  
35 property shall transfer to the city, county, or city and county.

36 (ii) For purposes of this subparagraph, the term "identified in  
37 an approved redevelopment plan" includes properties listed in a  
38 community plan or a five-year implementation plan.

39 (iii) *The department or an oversight board may require approval*  
40 *of a compensation agreement or agreements, as described in*



1 *subdivision (f) of Section 34180, prior to any transfer of property*  
2 *pursuant to this subparagraph, provided, however, that a*  
3 *compensation agreement or agreements may be developed and*  
4 *executed subsequent to the approval process of a long-range*  
5 *property management plan.*

6 (B) If the plan directs the liquidation of the property or the use  
7 of revenues generated from the property, such as lease or parking  
8 revenues, for any purpose other than to fulfill an enforceable  
9 obligation or other than that specified in subparagraph (A), the  
10 proceeds from the sale shall be distributed as property tax to the  
11 taxing entities.

12 (C) Property shall not be transferred to a successor agency, city,  
13 county, or city and county, unless the long-range property  
14 management plan has been approved by the oversight board and  
15 the Department of Finance.

16 ~~(d) The department may require approval of a compensation~~  
17 ~~agreement or agreements, as described in subdivision (f) of Section~~  
18 ~~34180, except that the department shall not require approval of a~~  
19 ~~compensation agreement or agreements as part of the approval~~  
20 ~~process of a long-range property management plan.~~

21 ~~(e)~~

22 (d) The department shall only consider whether the long-range  
23 property management plan makes a good faith effort to address  
24 the requirements set forth in subdivision (c).

25 ~~(f)~~

26 (e) The department shall approve long-range property  
27 management plans as expeditiously as possible.

28 ~~(g)~~

29 (f) Actions relating to the disposition of property after approval  
30 of a long-range property management plan shall not require review  
31 by the department.